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First report of the departmental committee on the wholesale food markets of London, February 23, 1920. (London: H. M. Stationery Office. 1920.)

Il Museo Commerciale e Coloniale di Napoli nel suo primo anno di funzionamento, 1919. (Napoli: Francesco Razzi. 1920. Pp. 22.)

The import and export schedule of France. U. S. Bureau of Foreign and Domestic Commerce. Miscellaneous series, 102. (Washington: Supt. Docs. 1920. Pp. 56.)

Information booklet regarding 1920 edition of the port of New York annual. (New York: Smith's Port Pub. Co. 1920.)

Latin-American yearbook for investors and merchants for 1920. (New York: Criterion Pub. Syndicate. 1920. Pp. 647.)

Trade with the Orient. (Pittsburgh: Bank of Pittsburgh. 1920. Pp. 15.)

Accounting, Business Methods, Investments, and the Exchanges

Fair Value. The Meaning and Application of the Term "Fair Valuation" as Used by Utility Commissions. By HARLEIGH H. HARTMAN. (Boston: Houghton, Mifflin Company. 1920. Pp. xix, 263. \$2.50.)

The book is divided into two parts: Part I, on the meaning of the term "fair value"; part II on the application of the theory of fair value. The first is far the more significant part. It is devoted to the fundamentals of public utility regulation, develops clearly several important ideas, and constitutes a substantial contribution to the discussion of regulation. It takes up the basis of regulation, the purpose of regulation, valuation and regulation, the theory of valuation, and valuation methods. There is considerable repetition and overlapping discussion. Part II takes up the valuation of the different classes of public utility property with a chapter devoted to each of the following: valuation of tangible property, valuation of intangible property, depreciation, return on the investment, and conclusion. There is a short selected biography, which is very incomplete, a table of cases cited, and an index.

The most valuable single idea of the book is the author's view as to the primary basis of regulation. He finds this not in monopoly, nor in the character of the franchise, nor in public grant, but in the fact of the public interest in the business. A public utility involves the welfare of the community to such an extent

that the service must be guaranteed by the state, and thus assumes the character of a governmental function. The essence of regulation is stated as the control over service and price.

It is not clear, however, whether the author follows completely the public interest theory. In its broadest form it would require that whenever any industry becomes of such general importance to the public at large that the general welfare is accordingly dependent upon service, the business becomes by that fact a public utility, subject to regulation both as to quality and price of service. This view would bring under regulation, coal mining, the distribution of milk in the larger cities, meat packing, and any business, in fact, which is of general public importance and whose service, therefore, should be assured to the public at a fair price. Apparently, however, the author would not go to this extent of the public-interest theory. He seems to restrict the idea to those enterprises which long ago were recognized as vested with public interest. It is not clear that he would approve a progressive recognition of the fact that a new business actually acquires a public interest in that it has become important to the public welfare.

"Fair value" is presented as a part in the mechanism determining the normal cost of service which is urged as a proper basis of rates. Cost of service includes labor and materials, depreciation, and return on investment. The proper basis of return is presented as the actual unimpaired investment in property, after deduction for depreciation. Reproduction cost or securities outstanding would be useful only as a check upon the proper valuation, but do not themselves constitute "fair value."

A suggestive piece of legal analysis with important bearing upon the idea of fair value, is presented in regard to the judicial conception of fixing public utility rates. The common view is that a property is taken for public purposes and that, therefore, the idea of condemnation applies. The author argues, however, that this analogy of condemnation is false, and that it has led extensively to valuation at reproduction cost. In reality what has taken place, the author urges, is that the state has invited private capital to serve the public and has tacitly promised a fair return for the service. The implied contract involves a fair return on actual investment. There is no condemnation of property for public purposes. If a fair return is not allowed, the act comes in conflict with the constitution through violation of con-

tract and not through the taking of property for public purposes without due compensation.

Emphasis is laid upon the fact that it is the service and not the property that is taken for public purposes. The proper payment, therefore, is the value of the service. The author repeats often that it is the value of the service which is the proper basis of rates; but he considers the value of the service as equivalent to actual normal cost of service. He does not show how the equivalence is established, nor does he define precisely what he means by value of service. As the term is ordinarily understood in railroad and public utility parlance, value of service is not equivalent to cost. It means rates which bring the maximum return to the company or rates fixed on what the traffic will bear. This, of course, is not equal to the cost of service and does not furnish a desirable basis of public utility rates.

A valid criticism of the book is that it overstrains legal definitions and logical legal relationships. This appears clearly in the long discussion of condemnation, police power, implied contracts and fair value. After all, regulation rests on the development of public policy toward industry. Such policy, naturally, grows out of what seems desirable and reasonable, and not from what logically follows from previously established legal principles. Law follows while policy determines. Even the matter of fair value cannot be decided by legal analysis. It depends upon what is desirable and reasonable under the complex circumstances that have attended the various public utilities as they have been brought under regulation.

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Millions from Waste. By FREDERICK A. TALBOT. (Philadelphia: J. B. Lippincott Company; London: T. Fisher Unwin, Ltd. 1920. Pp. 308.)

This timely book, which combines to a marked degree solidity of substance with an entertaining style, is written from the point of view of the recent experience of Great Britain, but its lessons have a world-wide application. Its purpose is "to indicate certain of the most obvious channels through which wealth incalculable is being permitted to escape, as well as the narration of something concerning the highly ingenious efforts which are being made to prevent such wastage." Although, as the author himself states,